

Do you run a buy to let/property rental business?

If so, you've likely been impacted by the raft of legislative changes affecting landlords over recent years and are increasingly feeling the financial squeeze as a result.

Government legislation has increased 'red tape' and workload for landlords, with large fines introduced for those failing to abide by regulations. To add further pressure, the removal of reliefs such as 'wear and tear' and 'section 24 – mortgage interest relief' now fully in place, so post tax rental profits have been significantly reduced as a result of effectively being taxed on notional profits. As a result, it is getting harder to obtain buy to let mortgages where the interest, fees and loan to value ratio are needing to be more commercially viable. All this at a time when the equity being required from the borrowers is at an all-time high.

Additionally, it is not just UK resident landlords that need assistance because overseas landlords are also now impacted by the capital gains tax changes.

The Charterhouse approach

Charterhouse is a top firm of accountants and tax advisors that specialise in bespoke tax planning for their clients and are particularly active in the world of property tax. For many years, we have successfully assisted individuals transfer their personally held buy to let/rental property portfolio to a limited company structure with the following potential benefits:

- Provide your business with the benefit of limited liability protection
- Creates a flexible structure through which to operate your business
- Creates a structure which provides further options in respect of financing such as portfolio lending
- Enable you to accelerate the expansion and growth of your portfolio and therefore increases your profitability
- Provides a flexible platform through which you can introduce future generations as part of your overall succession planning
- Ability to retain control whilst achieving your succession planning objectives
- Depending on your circumstances, there is also the potential that advantageous tax consequences and efficiencies will be achieved which are inherent in the restructuring
- A pot equal to the equity in the portfolio is available to draw down without suffering any personal tax

Traditional advice in relation to the incorporation of a property portfolio is to incorporate under section 162. This was made possible following the Elizabeth Moyne-Ramsey case, which set an important precedent for landlords looking to incorporate their portfolios using this route. Whilst this route may be available to you, it is not necessarily the only route available to you. Indeed, Charterhouse has advised a number of clients of the alternative options that were available to them to incorporate their portfolio, which have been more appropriate to their specific circumstances. Speak to us today to discuss what options may be available to your business.



Get in touch if you:

- Have two or more rental properties; and
- Want to simplify the operation and administration of your business; and/or
- Want the peace of mind afforded by limited liability; and/or
- Want to consider introducing future generations to the business; and/or
- Want to open up your options regarding financing your portfolio; and/or
- Want to effectively accelerate the growth and expansion of your portfolio; and
- Want to understand all of your options to make an informed choice

Landlords must also consider the impact of increasing property values on inheritance tax – the Charterhouse approach is to discuss this with you as part of your overall objectives and if this is a concern, we will factor this in to provide a flexible platform to meet your succession planning objectives.

Structuring your portfolio to achieve your objectives is a critical step for the future success of your business. Great care must be taken as it is full of pitfalls for the unwary, however with careful planning these traps can be avoided.

Undertaking a structuring exercise that only deals with a specific issue can leave you open to unintended consequences elsewhere within the structure, both tax and commercial, further down the line. For instance, it may be that you'd considered your capital gains position had been improved but in reality, the underlying liability was simply deferred or that you have an efficient corporate structure for the rental profits only to discover you face significant liabilities when extracting funds into your personal name. It could be that steps you thought you'd taken to allow to plan for future generations to become involved in the business have not had the desired outcome and you still face liabilities today when passing your wealth down.

This article gives a flavour of our approach to working with you and the reasons why we take the time to understand you, your business and your objectives. This is simply to mitigate against these issues and allow us to put a bespoke plan together tailored to your specific circumstances and to discuss your options with you to make informed decisions about your business and your future.

The message is clear that there is no one size fits all solution, no silver bullet – your business is unique and should be treated as such. It deserves the care and consideration afforded by our approach of working with you to tailor the advice specifically to you. Structuring your business efficiently is one of the most important steps you can take and although the issues faced in doing so are complex, the rewards for getting it right first time can be monumental whilst the consequence of getting it wrong don't bear thinking about. It is therefore imperative that you seek not only professional advice but the right professional advice. Don't just take our word for it, call us today for a free initial chat to find out more and see the difference for yourself.



The Charterhouse process

When you contact us for an initial chat, we will have a short discussion during which we will take a few basic details relating to your current situation and what you are looking to achieve, to give us a basic understanding of your business and circumstances. We will then invite you to a free initial meeting to go through our thoughts as to what options may be available to you and to discuss how these may fit in with your objectives in more detail. We are happy for you to also invite your existing tax advisors or accountants to attend the initial meeting and actually encourage this so that they can understand first-hand the full details of any proposals being discussed and the specific matters relating to your specific case, including the benefits to you. At this stage, we will provide an upfront, clear estimate of Charterhouse's fee if you wish to proceed with the planning and advice discussed.

Charterhouse will advise on the commercial and tax issues surrounding the most efficient vehicle through which to hold and operate your UK property business. We will regularly review this structure and discuss it with you along with any suggestions or options open to you at each relevant time for the period of our engagement, which is clearly laid out at the outset.

About Charterhouse

Charterhouse, and its top team of accountants and tax advisors, have been helping businesses to grow for over 50 years. We are also the 'go to' firm of financial experts for other accountants, providing them with a consultancy service on the more complex and technical tax issues they face.

To find out more about how Charterhouse's unique and bespoke approach can help you and your business, please contact: [David White, Owner and Executive Director at Charterhouse on david.white@charter-house.net or 020 8863 4566 or 07831 250 149.](#)